

## Message Text

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PAGE 01 STATE 282015  
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SS-15 NSC-05 INR-07 CIAE-00  
TRSE-00 FRB-03 CEA-01 L-03 IO-13 IGA-02 SP-02  
/072 R

DRAFTED BY EB/IFD/OMA:CHERVIN/PO'CONNELL  
APPROVED BY EUR/WE/EROWELL  
TREASURY:DSYVRUD  
EUR/WE:KSMITH

-----108238 251624Z /44-L

P R 251555Z NOV 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON PRIORITY  
INFO AMEMBASSY LISBON

C O N F I D E N T I A L STATE 282015

E.O. 11652: GDS

TAGS: EFIN, PO, UK

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

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REF: LONDON 18857, LISBON 8890

1. NEGOTIATIONS ARE EXPECTED TO BEGIN SOON BETWEEN THE  
U.S. AND PORTUGAL ON THE \$300 MILLION BALANCE OF PAYMENTS  
LOAN. NO DATE HAS YET BEEN SET FOR DISBURSEMENT OF THE  
FIRST TRANCHE OF \$200 MILLION.

2. AS U.K. IS AWARE, THE LANGUAGE OF THE PROPOSED U.S.  
LOAN AGREEMENT PROVIDES FOR AN INITIAL DISBURSEMENT OF  
\$200 MILLION TO PORTUGAL UPON RECEIPT OF A LETTER FROM  
THE IMF MANAGING DIRECTOR INDICATING THAT IN HIS OPINION  
PORTUGAL IS NEGOTIATING "IN GOOD FAITH" FOR A SECOND  
CREDIT TRANCHE DRAWING. WE ARE TAKING CARE NOT TO DISRUPT  
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EFFORTS TO REACH AN AGREEMENT ON THE SECOND CREDIT TRANCHE.

3. THE IMF NEGOTIATING TEAM HAS TOLD US THAT THEY HAVE  
REACHED TECHNICAL AGREEMENT WITH PORTUGAL ON THE MAJOR  
AREAS OF PERFORMANCE FOR A SECOND CREDIT TRANCHE PROGRAM,  
AND THAT AS SOON AS POLITICAL CONSENSUS IS REACHED IN  
PORTUGAL THE IMF TEAM WILL RETURN TO NEGOTIATE THE SPECIFIC

PERFORMANCE COMMITMENTS. OUR UNDERSTANDING IS THAT THE

MANAGING DIRECTORS MAY BE PREPARED TO INDICATE THAT NEGOTIATIONS IN GOOD FAITH ARE PROCEEDING FOLLOWING THE TEAM'S RETURN TO PARIS. THE ANTICIPATED DATE OF RETURN IS DECEMBER 5. ADDITIONAL INFORMATION ON IMF NEGOTIATIONS WILL BE FORWARDED FYI SEPTEL. VANCE

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE, NEGOTIATIONS, BALANCE OF PAYMENTS, LOANS  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Drafter:** CHERVIN/PO\CONNELL  
**Enclosure:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009